

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

COMPETITIVE PRODUCT PRICES  
GLOBAL EXPEDITED PACKAGE SERVICES 3 (MC2010-28)  
NEGOTIATED SERVICE AGREEMENTS

Docket No. CP2013-68

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO  
CHAIRMAN'S INFORMATION REQUEST NO. 1**  
(June 24, 2013)

The United States Postal Service (Postal Service) hereby provides its response to Chairman's Information Request (CHIR) No. 1, issued on June 20, 2013.<sup>1</sup> The question in CHIR No. 1 is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE  
By its attorneys:

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June 24, 2013

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<sup>1</sup> PRC, Chairman's Information Request No. 1, Docket No. CP2013-68, June 20, 2013.

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To clarify the workbooks associated with the Postal Service's notice of an additional Global Expedited Package Services 3 negotiated service agreement,<sup>1</sup> the Commission requests the Postal Service provide a written response to the following question. The response should be provided as soon as possible, but no later than June 24, 2013.

1. Tab "02" of the customer specific workbook provided with the Notice contains a discussion of price formulas in lines 40 to 46. Line 41 of Tab "02" indicates that a table was intended to be provided in conjunction with the description. Please provide the referenced table.
2. Please confirm that cells P29–P74 of Tabs "08" and "20" of the customer specific workbook do not follow the pricing formula described in Tab "02," lines 40 to 46. If not confirmed, please explain how cells P29–P74 of Tabs "08" and "20" follow the pricing formula described in Tab "02," lines 40 to 46. Please provide revised spreadsheets showing the calculations.
3. If question 2 is confirmed, please reconcile cells P29–P74 of Tabs "08" and "20" with the pricing formula described in Tab "02," lines 40 to 46. Please provide revised spreadsheets showing the calculations.

**RESPONSE:**

The Postal Service reviewed the customer specific workbook that was included with the Postal Service's initial notice in this docket, and identified some statements in Tab "02" that were in need of revision. Therefore, in response to Chairman's Information Request No. 1, the Postal Service is filing separately under seal with the Commission a revised customer specific Excel workbook, as well as a certified statement required by 39 C.F.R. § 3015.5(c)(2). The revised customer specific Excel workbook

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<sup>1</sup> Notice of United States Postal Service of Filing a Functionally Equivalent Global Expedited Service 3 Negotiated Service Agreement and Application for Non-Public Treatment of Materials Filed Under Seal, June 17, 2013 (Notice).

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includes a rewritten Tab "02" that moots the need to respond to the three specific questions included in Chairman's Information Request No. 1. Redacted copies of the revised customer specific Excel workbook and certified statement required by 39 C.F.R. § 3015.5(c)(2) for the contract are included with this response. The Postal Service incorporates by reference the Application for Non-Public Treatment filed by the Postal Service on June 17, 2013, in this docket.<sup>2</sup>

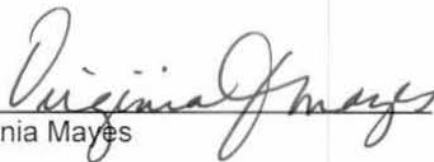
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<sup>2</sup> Notice of United States Postal Service of Filing a Functionally Equivalent Global Expedited Package Services 3 Negotiated Service Agreement and Application for Non-Public Treatment of Materials Filed Under Seal, Docket No. CP2013-68, June 17, 2013, at Attachment 4.

**Certification of Prices for the Global Expedited Package Services Contract with**  
[REDACTED]

I, Virginia Mayes, Manager, Cost Attribution, Finance Department, United States Postal Service, am familiar with the prices for the Global Expedited Package Services Contract with [REDACTED]. The prices contained in this Contract were established by the Decision of the Governors of the United States Postal Service on the Establishment of Prices and Classifications for Global Expedited Package Services Contracts, issued May 6, 2008 (Governors' Decision No. 08-7), which established prices by means of price floor and ceiling formulas.

I hereby certify that the numerical cost values underlying the prices in the [REDACTED] Contract are the appropriate costs to use in the formulas and represent the best available information. The prices, resulting in a cost coverage of in excess of the minimum required by the Governors' Decision, exclusive of pickup on demand and international ancillary services fees, are in compliance with 39 U.S.C § 3633 (a)(1), (2), and (3). The prices demonstrate that the Contract should cover its attributable costs and preclude the subsidization of competitive products by market dominant products. International competitive mail accounts for a relatively small percentage of the total contribution by all competitive products. Contribution from Global Expedited Package Services Contracts should be even smaller. The Agreement with [REDACTED] should not impair the ability of competitive products on the whole to cover an appropriate share of institutional costs.

  
Virginia Mayes